GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:202
ANSWERED ON:12.12.2008
EXTERNAL AND INTERNAL DEBT
Jogi Shri Ajit;Tripathy Shri Braja Kishore

Will the Minister of FINANCE be pleased to state:

(a) the per capita foreign and domestic debt burden of the country at present;

(b) whether India's external and internal debt has witnessed a rapid increase during the recent times;

(c) if so, the facts thereof and the reasons therefor;

(d) the extent to which it has upset the Gross Domestic Product-Debt ratio of the country;

(e) whether any positive impact is felt in the position of debt due to the recent falling crude oil prices;

(f) if so, the details thereof;and

(g) the steps taken or being taken by the Union Government to reduce the external and internal debt?

Answer

MINISTER OF THE STATE IN THE MINISTER OF (SHRI PAWAN KUMAR BANSAL)

(a) to (g): A statement is placed on the Table of the House.

Lok Sabha Starred Question No. â€ 202 Position No.2
Statement referred to in reply to Lok Sabha Starred Question Noâ€ 202 by Shri Ajit Jogi and Shri Braja Kishore Tripathy regarding "External and Internal Debt" for answer on December 12, 2008.
(a) to (d) Details of quantum of External Debt and Internal Liabilities, its relation to GDP and corresponding per capita values for the last five years is given in the table below:

Table: Details of External Debt and Internal Liabilities

Year (End -March)	Total External Debt (US $ billion)	Per Capita External Debt (Rupees)	GDP Ratio (Per cent)	Internal Liabilities (Rupees crore)	Per Capita Internal liabilities (Rupees)	GDP Ratio (Per cent)
2003-04	111.6	104.2	17.8	1690554	15770.1	61.4
2004-05	133.0	122.1	18.6	1933544	17755.2	61.4
2005-06	138.1	124.9	17.2	2165902	19583.2	60.5
2006-07	169.7	151.2	17.8	2435880	21710.2	58.8
2007-08 (RE)	220.7	194.0	18.7	2784351	24467.1	59.1
2008-09 (upto end-June 2008)	221.3	-	-	2939237 (BE)		

Central Government's public debt (internal and external) has been increasing in absolute terms on account of persistent fiscal deficit. The Gross Fiscal Deficit (GFD) is financed by borrowings, internal or external,resulting in buildup of debt.The increase in internal liabilities is also due to issue of dated securities under the Market Stabilisation Scheme (MSS) since 2004-05.In respect of external debt, commercial borrowings and NRI deposits have contributed to the increase in the long-term debt category, besides a rise in short-term debt.

(e) and (f): The fall in the price of crude oil has resulted in a decrease in value of imports of crude and products since August 2008.This moderates trade credit which forms a part of the short- term debt.

(g): Prudent external debt management policies pursued by the Government have helped in maintaining a comfortable external debt position.These include emphasis on raising funds on concessional terms and from less expensive sources with longer maturities, monitoring of short-term debt,prepaying high cost loans and encouraging non-debt creating capital flows.

Increased issue of securities under MSS in the past to sterilize large capital inflows also resulted in an increase in internal debt. With a decrease in capital inflows, there may not be an increase in internal liabilities due to issuance under MSS.